

March 4, 2010

NOTICE REGARDING CHANGES TO OVERHEAD RATE SUBMISSION REQUIREMENTS

Any overhead rate request submitted to ITD that is based on financial data for the year ending December 31, 2009 or later should follow the parameters established in the revised AASHTO Audit Guide. ITD's Overhead Guidelines for Consultants is no longer a valid document.

The thresholds of assurance previously established by ITD will remain in effect:

- Firms that are just starting out or that do a limited amount of business (up to \$100,000 in any given year) will be allowed either fully loaded hourly rates or overhead rates based upon company compiled data only.
- For any firm who does between \$100,000-\$250,000 of work in an year, an overhead rate that has been REVIEWED by an independent external auditor will be required.
- For those firms that do more than \$250,000 of work in any given year, a rate that has been subjected to an AUDIT or EXAMINATION LEVEL ATTESTATION by an independent external auditor will be required.

Future overhead rate requests must be accompanied by:

- a complete AASHTO Internal Control Questionnaire for Consulting Engineers (Appendix B of the AASHTO Audit Guide)
- Executive Salary Schedule (Chapter 7 of the AASHTO Audit Guide)
- The following certification: "I certify that I am aware of and have read the AASHTO Uniform Audit & Accounting Guide". (This certification should be signed by the Controller or Accounting Personnel responsible for FAR compliance and the development of the overhead rate).

More information regarding overhead rate requirements, including a link to the AASHTO Audit Guide, is available at <http://www.itd.idaho.gov/design/cau/policies/overhead.htm> .

If you have any questions regarding the requirements for overhead rate submissions please contact Mike Cram, Principal Auditor in our Office of Internal Review at (208) 334-8829.